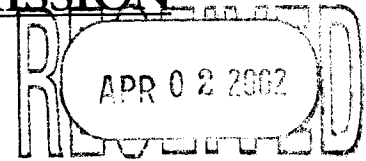


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION
COMMISSION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

L

W-01825A
LAGOON ESTATES WATER COMPANY INC
5001 EAST WASHINGTON STREET, STE. 104
PHOENIX AZ 85034-

ANNUAL REPORT

FOR YEAR ENDING

12 31 2001

FOR COMMISSION USE

ANN04 01

Processed by:

4/3/02 Om

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Lagoon Estates Water Co.

Mailing Address 5001 E. Washington #104
(Street)
Phoenix AZ 85034
(City) (State) (Zip)

602 275 5402 602 275 8742
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address sherrillforms@qwest.net

Local Office Mailing Address Same
(Street)
(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) **Fax No. (Include Area Code)** **Pager/Cell No. (Include Area Code)**

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Stanley Miller Controller
(Name) (Title)

5001 E. Washington #104 Phx AZ 85034
(Street) (City) (State) (Zip)

602 275 5402 602 275 8742
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address Stanleymiller@qwest.net

On Site Manager: Charles B. Sherrill Jr.
(Name)

1 1/2 mile West Hwy 95 Mohave Valley AZ 86440
(Street) (City) (State) (Zip)

520 330 3100 520 330 3102
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: Charles B. Sherrill
(Name)

5001 E. Washington Phoenix AZ 85034
(Street) (City) (State) (Zip)

600 275 5402
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Gerald Sherrill
(Name)

5001 E. Washington
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	28262	0	28262
304	Structures and Improvements	35264	19166	16098
307	Wells and Springs	76079	30717	45362
311	Pumping Equipment	62111	42810	19301
320	Water Treatment Equipment	15467	3913	11554
330	Distribution Reservoirs and Standpipes	47124	42889	4235
331	Transmission and Distribution Mains	171389	122092	49297
333	Services			
334	Meters and Meter Installations	33399	19147	14252
335	Hydrants	448	448	0
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	8724	6023	2701
341	Transportation Equipment	7429	720	6709
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	485696	287925	197771

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	28262	0	
304	Structures and Improvements	35264	3.23	1139
307	Wells and Springs	76079	↓	2457
311	Pumping Equipment	62111		2006
320	Water Treatment Equipment	15467		500
330	Distribution Reservoirs and Standpipes	47124		1522
331	Transmission and Distribution Mains	171389		5536
333	Services			
334	Meters and Meter Installations	33399		1079
335	Hydrants	448		14
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	8724		282
341	Transportation Equipment	7429	↓	240
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	485696		14775

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 979	\$ 3517
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	250	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1229	\$ 3517
	FIXED ASSETS		
101	Utility Plant in Service	\$ 482752	\$ 485696
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	273165	287925
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 209587	\$ 197771
	TOTAL ASSETS	\$ 210816	\$ 201288

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 399	\$ 261
232	Notes Payable (Current Portion)	35590	21346
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	20906	18908
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 56895	\$ 40515
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 28000	\$ 28000
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 84895	\$ 6893
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 75214	\$ 75214
211	Paid in Capital in Excess of Par Value	101471	101471
215	Retained Earnings	<50764>	<43390>
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$ 210816	\$ 201288

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 95826	\$ 98737
460	Unmetered Water Revenue	3593	2432
474	Other Water Revenues	514	
	TOTAL REVENUES	\$ 89933	\$ 101169
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 31083	\$ 30,000
610	Purchased Water		
615	Purchased Power	5984	5110
618	Chemicals	2137	2604
620	Repairs and Maintenance	5832	4094
621	Office Supplies and Expense	6208	3899
630	Outside Services	2344	1430
635	Water Testing	360	4854
641	Rents		
650	Transportation Expenses	2316	4682
657	Insurance – General Liability	399	2717
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	107	6447
403	Depreciation Expense	14671	14775
408	Taxes Other Than Income	2748	2641
408.11	Property Taxes	6980	7119
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 81169	\$ 90372
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	3339	
427	Interest Expense	11000	3961
	TOTAL OTHER INCOME/EXP	\$ 14339	\$ 3961
	NET INCOME/(LOSS)	\$ (5575)	\$ 6836

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/31/94	12/5/95		
Source of Loan	Sherrill Farms	Charles Sherrill		
ACC Decision No.				
Reason for Loan	Improvements	Improvements		
Dollar Amount Issued	\$107,240	\$28,000	\$	\$
Amount Outstanding	\$21,346	\$28,000	\$	\$
Date of Maturity	n/a	n/a		
Interest Rate	8.0	8.0		
Current Year Interest	\$3,961.49	\$0	\$	\$
Current Year Principle	\$14,243.66	\$0	\$	\$

Meter Deposit Balance at Test Year End

\$ 107,560

Meter Deposits Refunded During the Test Year

\$ 1,919.35

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-536722	40 turbine	1500	16"	8"
55-618835	7.5	3.5	12"	4"
55 618836	7.5	300	8"	3"
55-618837	5	300	8"	3"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 34,165,900

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
		5000	4

STATISTICAL INFORMATION

Total number of customers	<u>256</u>
Total number of gallons sold	<u>29,549,230</u> gallons

COMPANY NAME _____ YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 1940
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 1940
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

DATE

PRINTED NAME

TITLE

COMPANY NAME _____ YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

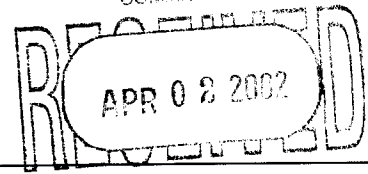
\$ 7119

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>MOHAVE</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Charles B. Sherrill</u>
COMPANY NAME	<u>Lagoon Estates Water Co.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2001</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 98737

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

X Charles B. Sherrill
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

22nd

DAY OF

COUNTY NAME

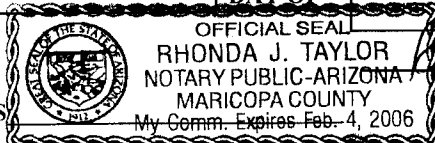
Maricopa

March

2002

(SEAL)

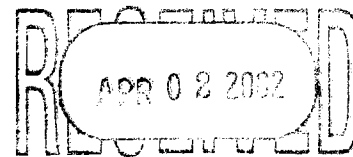
MY COMMISSION EXPIRES



Rhonda J. Taylor
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>Mohave</u>	
NAME (OWNER OR OFFICIAL) <u>Charles B. Sherrill</u>	TITLE <u>Owner</u>
COMPANY NAME <u>Lagoon Estates Water Co.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>98737</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Charles B. Sherrill
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

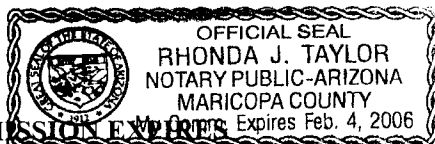
THIS

22nd

DAY OF

(SEAL)

MY COMMISSION EXPIRES



NOTARY PUBLIC NAME <u>Rhonda J. Taylor</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>March</u>	<u>2002</u>

X Rhonda J. Taylor
SIGNATURE OF NOTARY PUBLIC